

STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE

DELEGATION RESOLUTION

Subject: Professional Staff
Asset Allocation

Delegation No: [insert number]

WHEREAS,

1. In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the Board) is charged with the administration and management of the California Public Employees' Retirement System (CalPERS), and
2. In accordance with Government Code section 20170, the Board is also charged with the exclusive control of the administration and investment of the Public Employees' Retirement Fund (the Fund), and
3. In accordance with Article XVI, section 17 of the California Constitution, the Board has plenary authority and fiduciary responsibility for the investment of CalPERS assets, and
4. In accordance with Government Code section 20099, the Board is authorized to appoint a committee of one or more of its members to perform any act within the power of the Board itself to perform, and may through express delegation authorize any such committee to act finally, and
5. In accordance with Government Code section 20099, the Board may authorize its Chief Executive Officer (CEO) to perform any act within the power of the Board itself to perform, and may through express delegation authorize the CEO to act finally, and
6. The Board has adopted a Statement of Governance Principles relevant to the granting of delegations, and
7. Through Board Delegation Resolution No. 89-01 and pursuant to Government Code section 20191, the Board delegated to its Investment Committee the authority to make, through final action and by the affirmative vote of at least seven members, any investment authorized by law, and to re-delegate its authority to others, and

8. Through Board Delegation Resolution No. 04-05-BD and pursuant to Government Code section 20191, the Investment Committee re-delegated to its Policy Subcommittee the authority to draft new policies and recommend modifications to existing policies to the Investment Committee, provide periodic reports to the Investment Committee, and make other necessary or appropriate recommendations to the Investment Committee, and
9. Through Board Delegation No. 95-101, the Board has delegated to the CEO principal authority and responsibility to direct and manage staff to execute the policies adopted by the Board and administer the various programs consistent with the policies, and to re-delegate to others, and
10. The Board and its committees retain the implied authority, pursuant to Government Code Section 20099, to re-delegate their authority directly to the Chief Investment Officer (CIO) and Senior Investment Officers and such re-delegations are deemed to have been made through the CEO and the CIO.

RESOLVED,

- (A) Recognizing the respective roles of the CEO as the internal leader of the organization and the CIO as the principal investment expert, and yet also wishing to gain the full benefit of the unique asset allocation and investment expertise of the Senior Investment Officer (SIO)-Asset Allocation/Risk Management, the Investment Committee hereby delegates to the SIO-Asset Allocation/Risk Management, the authority described in the attached Asset Allocation and Inflation-Linked Asset Class delegations (the "Delegations").
- (B) Where such Delegations do not prohibit sub delegation, the SIO-Asset Allocation/Risk Management is authorized to re-delegate to his or her subordinates any portion or all of the responsibility delegated to the SIO-Asset Allocation/Risk Management.
- (C) Where such Delegations do not specifically require the Investment Committee's review or ratification prior to action, the SIO-Asset Allocation/Risk Management has the authority to act finally, and to re-delegate, and will be responsible and accountable for his or her actions.
- (D) The exercise of authority under the Delegations shall be reported to the Investment Committee in sufficient detail to keep the Investment Committee appropriately informed and in order for the Investment Committee to monitor the performance of the SIO-Asset Allocation/Risk Management.

- (E) Upon adoption by the Investment Committee all Delegations will expressly supercede all prior delegations to the SIO-Asset Allocation/Risk Management.

Charles Valdes
Chair, Investment Committee
Board of Administration
California Public Employees' Retirement System

I accept this delegation.

Dated: _____

Farouki Majeed
Senior Investment Officer – Asset Allocation/Risk
Management
California Public Employees' Retirement System

Attachment A

Asset Allocation Delegations

Within each of the following subject areas (as shown in italics), the Investment Committee delegates (as shown in bold) the following authority to the SIO-Asset Allocation/Risk Management:

I. *Authority to Allocate Assets*

A. *Authority to Establish Asset Classes and Asset Allocation (Targets and Ranges) for the Total Fund*

1. **To manage the asset allocation within the ranges as set forth in policy approved by the Investment Committee, subject to approval by the CIO.**

Asset Allocation Strategy Investment Policy, Section III

B. *Authority to Establish Programs/Sectors Within an Existing Asset Class (No Delegation)*

C. *Authority to Make Allocation Decisions Within the Asset Class and Among Programs/Sectors*

1. **To manage the allocations to the Commodities and Inflation-linked Bond programs within the ranges set forth in policy approved by the Investment Committee.**

Inflation-Linked Asset Class Investment Policy, Section III

II. *Authority to Make Investment Decisions*

A. *Authority to Directly Invest In and Dispose of Public Securities*

1. **To select, commit funds to, manage and dispose of public securities in the Commodities and Inflation-linked Bond portfolios within the Inflation-Linked Asset Class as set forth in policy approved by the Investment Committee.**

Inflation-Linked Asset Class Investment Policy (Section III) and Component Program Policies.

B. Authority to Select, Commit Funds to, and Dispose of/Exit Investments in Private Investment Vehicles

1. **To select, commit funds to, manage and dispose of private investment vehicles in Commodities as set forth in policy approved by the Investment Committee.**
Inflation-Linked Asset Class Investment Policy (Section III) and Commodities Program Policy.

(Delegations for other programs within ILAC will be specified and approved by Investment Committee after approval of all ILAC policies).

C. Authority to Directly Invest In and Dispose Of Private Securities

1. **To select, commit funds to, manage and dispose of private investment securities in Commodities within approved ranges as set forth in policy approved by the Investment Committee.**
Inflation-Linked Asset Class Investment Policy (Section III) and Commodities Program Policy.

(Delegations for other programs within ILAC will be specified and approved by Investment Committee after approval of all ILAC policies).

D. Authority to Fund Investment Managers Retained through a Contractual Arrangement (pursuant to public contracting process)

1. **To fund managers selected through the public contracting process for Commodities and Inflation-linked Bond programs within approved ranges as set forth in policy approved by the Investment Committee.**
Inflation-Linked Asset Class Investment Policy (Section III) and Component Program Policies.

E. Authority Relating to Shareowner Resolutions and Proxy Execution (No Delegation)

F. Authority to Directly Invest in and Dispose of Derivative Instruments.

1. **To invest in and dispose of commodity derivative instruments within ranges as set forth in policy approved by the Investment Committee.**
Inflation-Linked Asset Class Investment Policy, Section III and Commodities Program.

III. Authority to Make Contracting Decisions

A. *Authority to Select and Terminate Investment Managers (obtained through public contracting process)*

1. **To make all termination decisions regarding Investment Managers selected through the public contracting process, within the Inflation-Linked Asset Class.**

Inflation-Linked Asset Class Investment Policy (Section III) and Component Program Policies.

B. *Authority to Select and Terminate Investment Consultants Other than Board's Investment Consultants*

1. **Staff may establish a "spring-fed" pool of External Resources to meet the Program needs.**

C. *Authority to Enter into Derivative Contracts.*

1. **To enter into and terminate commodities derivative contracts with counterparties.**

Inflation-Linked Asset Class Investment Policy (Section III) and Commodities Program Policy.